

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0578-01
Bill No.: HB 491
Subject: Tobacco Products
Type: Original
Date: March 7, 2011

Bill Summary: This proposal changes the requirements when funds can be released from escrow accounts under the Master Settlement Agreement.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$46,044	\$42,539	\$43,054
Total Estimated Net Effect on General Revenue Fund	\$46,044	\$42,539	\$43,054

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	-.5 FTE	-.5 FTE	-.5 FTE
Total Estimated Net Effect on FTE	-0.5 FTE	-0.5 FTE	-0.5 FTE

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and the **Department of Public Safety - Alcohol and Tobacco Control** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Attorney General (AGO)** state the provision modifies a portion of the escrow requirement for tobacco manufacturers who did not participate in the tobacco settlement. The proposal would simplify one issue related to enforcement of the escrow provisions. Due to the complexity of the current litigation related to the tobacco settlement; however, the AGO does not expect the proposal to immediately result in savings. After litigation concludes, AGO assumes the proposal would result in a savings of .5 AAG II, (\$47,500) resulting in a savings of \$39,963 in FY12 to the General Revenue Fund.

Oversight will assume the AGO will realize this .5 FTE savings for the three years reflected in the fiscal note. Oversight also has reflected a full year of savings from the .5 FTE in FY 2012 because of the Emergency Clause.

<u>FISCAL IMPACT - State Government</u>	FY 2012	FY 2013	FY 2014
GENERAL REVENUE			
<u>Savings - Office of the Attorney General</u>			
Personal Service (.5 FTE)	\$23,750	\$23,988	\$24,227
Fringe Benefits	\$12,431	\$12,555	\$12,680
Expense and Equipment	<u>\$9,863</u>	<u>\$5,996</u>	<u>\$6,147</u>
<u>Total Savings - AGO</u>	<u>\$46,044</u>	<u>\$42,539</u>	<u>\$43,054</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$46,044</u>	<u>\$42,539</u>	<u>\$43,054</u>

FISCAL IMPACT - Local Government

FY 2012

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

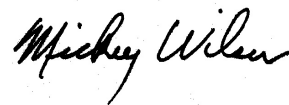
This bill changes the requirements regarding when funds can be released from escrow accounts under the Tobacco Master Settlement Agreement. Funds can be released to the extent a tobacco manufacturer establishes that the amount it was required to place into escrow based on units sold in Missouri in a particular year is greater than the payments from the agreement that the manufacturer would have been required to make based on the units sold if the manufacturer had been a participating manufacturer.

The bill contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General
Department of Revenue
Department of Public Safety



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